SCHEDULE **ME**	MOVING EXPENSE REIMBURSEMENT	**1998**
Form 740-NP Commonwealth of Kentucky **REVENUE CABINET**	➤ **Attach to Form 740-NP.**	

Enter name(s) as shown on Form 740-NP, page 1.	Your Social Security Number

1. Enter total Kentucky earned income **(do not include moving expense reimbursement)** 1
2. Enter total earned income from federal return **(do not include moving expense reimbursement)** 2

3. Divide line 1 by line 2. Enter result. If amount is equal to or greater than 100%, enter 100% .... 3 ___ ___ ___ . ___ %
4. Enter moving expense reimbursement included in wages here and on Form 740-NP, line 37, Column A 4
5. Multiply line 4 by line 3. Enter result here and on Form 740-NP, line 37, Column B.
   This is your **moving expense reimbursement for Kentucky** 5
6. Enter moving expense deduction from federal Form 3903, line 5 here and on Form 740-NP, line 50, Column A 6
   Note: If line 5, Form 3903 is blank, subtract line 3 from line 4, Form 3903. Add the difference as
   additional income to line 4 above and recompute line 5.
7. Multiply line 6 by percentage on line 3. Enter here and on Form 740-NP, line 50, Column B.
   This is your **allowable Kentucky moving expense** 7

INSTRUCTIONS—SCHEDULE ME

Full-Year Nonresidents—If you are a full-year nonresident, moving expense reimbursements are not taxable, and moving expenses are not deductible. Enter zero on Line 37, Column B and on Form 740-NP, Line 50, Column B. Do not claim these expenses on Schedule A.

Part-Year Residents—If you are a part-year resident, any payments to you or on your behalf by any employer for moving expenses are considered income. These payments will be included in wages (box 1) or will be shown separately (box 13) on the wage and tax statements.

Persons who were residents of Kentucky for only part of the year are required to report as income only part of the total reimbursement they received. *The amount which must be reported to Kentucky as income is based on the percentage of Kentucky earned income to total earned income.*

For the computation of this percentage, earned income is income you received for services you provided. It includes wages, salaries, tips, etc. It also includes income earned from self-employment (Schedules C, C-EZ and F and partnerships).

Line 1—Enter earned income received from Kentucky sources while a nonresident and from all sources while a resident of Kentucky. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1 and/or box 13).

Line 2—Enter total earned income reported on your federal return. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1 and/or box 13).

Line 4—Enter the amount of moving expense reimbursement received during 1998 from all sources (Kentucky and non-Kentucky) included in wages (box 1). Also enter this amount on Form 740-NP, Line 37, Column A. Amounts on Form 740-NP, Lines 36 and 37, Column A, must equal the amount in box 1 of the wage and tax statements.

ITEMIZED DEDUCTIONS LIMITATION SCHEDULE

Use this schedule if the adjusted gross income on Form 740-NP, line 5, exceeds $124,500 ($62,250 if married filing separate returns).

- If married filing separate returns but combining itemized deductions on one Schedule A, enter the percent of your separate income (Form 740-NP, line 5) to joint or combined federal adjusted gross income.

- If single, married filing a joint return or married filing separate Schedules A, enter 100%.   _____ %

1. Multiply the amount on Schedule A, line 31, by the percent of income shown above .... 1. _____
2. Add the amounts on Schedule A, lines 4, 13 and 22, plus any gambling losses included on line 30 ....
   and multiply by the percent of income shown above .... 2. _____
   Note: Be sure your total gambling losses are clearly identified on line 30.
3. Subtract the amount on line 2 from the amount on line 1. (If the result is zero, **STOP HERE**; enter
   the amount from line 1 above on Form 740-NP, line 8(a).) .... 3. _____
4. Multiply the amount on line 3 above by 80% (.80) .... 4. _____
5. Enter the amount from Form 740-NP, line 5 .... 5. _____
6. Enter $124,500 ($62,250 if married filing separate returns) .... 6. _____
7. Subtract the amount on line 6 from the amount on line 5. (If the result
   is zero or less, **STOP HERE**; enter the amount from line 1 above on
   Form 740-NP, line 8(a).) .... 7. _____
8. Multiply the amount on line 7 above by 3% (.03) .... 8. _____
9. Compare the amounts on lines 4 and 8 above. Enter the smaller of the two amounts here .... 9. _____
10. Total itemized deductions. Subtract the amount on line 9 from the amount on line 1. Enter the result
    here and on Form 740-NP, line 8(a) .... 10. _____